



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

TELEPHONE
(213) 974-2101

FACSIMILE
(213) 626-1812

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

RECOMMENDATION TO AWARD CONTRACT FOR PRESORT MAILING SERVICES TO ANCORA PRESORT PARTNERS (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached sole source contract with Ancora Presort Partners to provide presort mailing services to the Treasurer and Tax Collector for a term of one year commencing July 1, 2002, at an initial annual cost not to exceed \$35,000.
2. Provide for four one-year renewal periods at the option of the Treasurer and Tax Collector.
3. Delegate authority to the Treasurer and Tax Collector to execute amendments to increase the contract sum in any contract year by no more than 20%, based on unanticipated workload increases.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Treasurer and Tax Collector (TTC) bills and collects taxes on behalf of the County of Los Angeles, the County's 88 incorporated cities, over 100 school districts and all other taxing agencies located in the County. The TTC has utilized outside mailing firms since 1987 to mail approximately 2.3 million annual property tax bills beginning the latter part of September through October to meet the mail-out date of November 1st as stipulated in Revenue and Taxation Code §2610.5. On an intermittent basis, supplemental TTC mailings and those of TTC's client departments are processed through an outside mailing firm.

The recommended contract for presort mailing services affords the TTC a significant savings in first-class postage. Effective June 30, 2002, postage rates will be increased by nearly 8%. The full first-class rate will be increased to \$.37 for the first ounce. With presorting, TTC will achieve a discounted first-class rate of \$.292, or a gross savings of \$.078 per piece of mail processed. TTC's current mailing services contractor, All Direct Mail Services, Inc. (Contract No. 72839), provides the collating and assembly of material, inserting and sealing of envelopes, and application of appropriate postage but is unable to provide the additional presorting service. Because the postage and postmarks are applied by the mailing services contractor, delivery of the mail by the presort vendor to the United States Post Office (Post Office) needs to be within 24 hours of pickup. Therefore, having a presort vendor that has the requisite capacity and means to accomplish this task in a timely manner is paramount.

TTC has utilized the Purchase Order (PO) process, through Internal Services Department (ISD) Purchasing and Central Services (PCS), with Ancora Presort Partners (Presort Partners) for the provision of presort mailing services. The cumulative expenditures incurred over the current and prior three fiscal years will exceed the \$100,000 contracting authority limit of the County's Purchasing Agent, i.e., ISD PCS, as authorized under Government Code §25502.5. Therefore, ISD is requiring that these presort services be placed on a Board-approved contract beginning July 1, 2002.

Implementation of Strategic Plan Goals

The award of this contract is consistent with the County's Strategic Plan Goal of Organizational Effectiveness. This contract will improve operations through the utilization of the contractor's expertise to effectively provide these as-needed presort mailing services in a timely and cost-effective manner.

FISCAL IMPACT/FINANCING

The proposed contract with Presort Partners will not exceed \$35,000 annually. Adequate funds are provided in the FY 2002/2003 TTC Budget to finance the cost of the proposed contract, which includes provisions for non-appropriation of funds and budget reductions. A portion of the cost will be offset through interdepartmental billings to TTC's client departments.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed contract with Presort Partners is for a term of one year with four one-year options to be exercised by TTC, for the provision of presort mailing services, i.e., application of barcodes to pre-assembled mailings, sorting by zip code, and delivery to the Post Office, for TTC's annual property tax bill mailing and other as-needed mailings for TTC and its client departments.

County Counsel has approved the attached contract as to form and concurs with the sole source justification.

In accordance with the Board of Supervisor's Policy No. 5.050, this contract contains County requirements regarding the hiring of participants in the GAIN/GROW programs.

In accordance with the Auditor-Controller memorandum dated March 2, 2000, the contract contains County requirements regarding contractor non-responsibility and debarment.

This is not a Prop A contract. Consequently, there are no departmental employee relations issues and this will not result in a reduction of County services.

The contract contains the required provisions pertaining to compliance with the County's Child Support Compliance Program. Presort Partners has complied with the requirement to file a Principle Owner Information Form with the Child Support Services Department as confirmed on the Child Support Compliance Program web site.

TTC will not request the contractor to perform services that exceed the Board approved contract sum, scope of work, or contract term.

CONTRACTING PROCESS

Two prior solicitations for mailing services, one by ISD in 1996 and the second by TTC in 2000, yielded only one firm that performed presorting services exclusively and had the means to meet the presort mailing service requirements. In both cases, that firm was Presort Partners. At that time, ISD continued with the issuance of a purchase order for presort mailing services and a contract was awarded for general mailing services. ISD has subsequently confirmed that TTC is the only County department utilizing presort mailing services.

The Department made a search of the Internet for mail service trade associations and prospective presort mailing firms. Four (4) trade associations that deal solely with mailing services and one (1) mailing services consulting firm were contacted, all of which confirmed that Presort Partners is the only firm in Los Angeles County with the wherewithal to perform the requisite services for TTC. The City of Los Angeles was consulted to ascertain their mailing service requirements and providers. It was discovered that the City had a similar difficulty finding and selecting a qualified presort mail vendor. The City independently determined that Presort Partners was the sole source to meet their presort mailing requirements, which are considerably less than what is required for TTC's annual property tax bill mailings. One firm, located outside Los Angeles County, was eliminated because of their geographical location and lesser operational size.

Presort Partners owns and operates three facilities; two of which are in Los Angeles County. In the event of a local disaster or catastrophe at one of their facilities, Presort Partners would be able to transfer TTC's mailing jobs to a branch location to meet TTC's deadlines and presort mailing requirements.

A Cost Of Living Adjustment (COLA) is not included in this contract. This is a multi-year agreement whereby the recommended contractor has provided a fixed price for services over the term of the contract.

The TTC has evaluated and determined that the Living Wage Program (County Code Chapter 2.201) does not apply to the recommended contract.

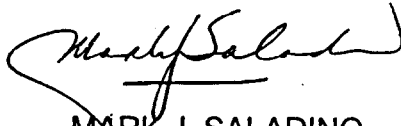
IMPACT ON CURRENT SERVICES

The recommended contractor currently provides the required presorting services so there will be no disruption in service. There is no negative impact to County employees as Presort Partners currently provides these services under purchase order (PO No. PT25123). The services are required on an as-needed, intermittent basis.

CONCLUSION

Instruct the Executive Officer/Clerk of the Board to return two (2) signed original contracts and one (1) adopt stamped Board letter to TTC.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

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Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors